



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-1, Pennsylvania State Income Tax Withholding

Date: February 27, 2004

To: Holders of TAXES (State of Pennsylvania only)  
Personnel User Groups  
T&A Contact Points in Pennsylvania

Beginning with wages paid for Pay Period 04, the National Finance Center (NFC) will make the following changes to the state of Pennsylvania income tax withholdings:

- The withholding rate will increase from 2.8 percent to 3.07 percent.
- The nontaxable biweekly Federal Health Benefits Plan payment, the nontaxable biweekly life insurance payment, and the taxable biweekly fringe benefits statements will be added to the state tax formula.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “▶◀”.

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov). Refer questions about this bulletin to **504-255-5322** or via e-mail to [nfc.pvct@usda.gov](mailto:nfc.pvct@usda.gov).

PENNY W. FORBES, Acting Director  
Government Employees Services Division

# Pennsylvania State Income Tax Information

<b>State Abbreviation:</b>	PA
<b>State Tax Withholding State Code:</b>	42
<b>Acceptable Exemption Form:</b>	None
<b>Basis For Withholding:</b>	Percentage of Annual Wages
<b>Acceptable Exemption Data:</b>	None
<b>TSP Deferred:</b>	No
<b>Special Coding:</b>	None
<b>Additional Information:</b>	A state tax certificate is not required since the state tax computation is based on a percentage of annual wages.

## Withholding Formula ►(Effective Pay Period 04, 2004)◄

1. ► Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the gross biweekly wages.
2. Subtract the nontaxable biweekly life insurance payment from the adjusted gross biweekly wages.
3. Add the taxable biweekly fringe benefits to the adjusted gross biweekly wages.◄
4. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
5. Multiply the annual wages by ►3.07◄ percent to calculate the annual Pennsylvania tax withholding.
6. Divide the annual Pennsylvania tax withholding by 26 to obtain the biweekly Pennsylvania tax withholding.